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C O N F I D E N T I A L SECTION 01 OF 06 YEREVAN 000363

SIPDIS

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DEPARTMENT FOR EUR/CARC, NSC FOR MARIA GERMANO

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TAGS: [PGOV](#) [PREL](#) [PHUM](#) [KDEM](#) [KJUS](#) [ASEC](#) [AM](#)
SUBJECT: DAS BRYZA WARNS OF MCC SUSPENSION IN DISCUSSIONS
OF ARMENIA'S POLITICAL CRISIS WITH GOVERNMENT AND
OPPOSITION FIGURES

REF: YEREVAN 267

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Classified By: Charge d'Affaires Joseph Pennington, reasons 1.4 (b/d).

SUMMARY

¶1. (C) During his April 9 visit to Yerevan to attend President-elect Sargsian's inauguration, EUR Deputy Assistant Secretary Matthew Bryza discussed Armenia's political crisis

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with pro-government and opposition figures. Prominent politicians from Sargsian's recently announced coalition government agreed with Bryza on the need for urgent, dynamic reforms in light of the March 1-2 clashes, but resented the idea that Millennium Challenge and other U.S. engagement might be held back for democratic failings. Opposition figures forcefully condemned tactics taken by the Kocharian-Sargsian regime to silence the opposition. They vowed to resume legal protests as soon as the government allows, while emphasizing they would not demonstrate illegally. The opposition leaders predicted that President Sargsian's government would collapse in a matter of months, because they felt his crisis of legitimacy had profoundly damaged his ability to govern. In a separate meeting, wives of jailed prominent Levon Ter-Petrossian (LTP) supporters appealed to the U.S. to maintain pressure on the authorities to release all political prisoners. Bryza also gave several media interviews (including one on live television) during his visit where he reiterated that the level and nature of U.S. assistance to Armenia depended on the GOAM implementing concrete democratic reforms. EU Special Representative for the Caucasus Peter Semneby joined Bryza for the meetings with opposition leaders and detainees, wives. END SUMMARY.

¶2. (C) DAS Bryza met four representatives of the new governing coalition announced by President-elect Sargsian on March 21 (reftel). The representatives included Samvel Nikoyan of the Republican Party (Secretary of the party's parliamentary faction); Avet Adonts of the Prosperous Armenia (Chair of the Parliamentary Standing Committee on European Integration); Armen Rustamian of the ARF-Dashnaktsutyun (member of the party's Supreme Council and Chair of the Parliamentary Committee on Foreign Affairs); and Mher Shahgeldian of the Orinats Yerkir (deputy chair of the party). DAS Bryza also met with four prominent LTP allies and supporters: Aram Sargsian (leader of the opposition

Republic Party); David Shahnazarian (LTP's confidant, relative by marriage, and ex-Minister of National Security); Levon Zurabian (LTP's former spokesperson and a current political adviser); and Artak Zeynalian (Republic Party luminary, disabled Karabakh war veteran). DAS Bryza also separately met with the wives of five prominent LTP supporters jailed by the authorities. Charge d'Affaires Pennington accompanied DAS Bryza at these meetings, as did Peter Semneby, the EU's Special Representative for the South Caucasus, who was present at two of them. (See para 24 for complete list of Bryza's meetings).

COALITION REPS: YES ON REFORMS, BUT FOR ARMENIA'S SAKE ONLY

¶3. (C) Bryza told the four governing coalition parliamentarians he welcomed Sargsian's recent private assurances made at the Bucharest NATO meeting of dramatic personnel and program changes to address the deep divisions in Armenian society. He stressed to the representatives that their collective actions were crucial to the President-elect's ability to deliver on these changes and embark on much-needed reforms. He warned that the United States would likely have to suspend or even terminate the Armenia's Millennium Challenge Account (MCA) program absent proof of timely GOAM reforms, and previewed that action on this front could take place as early as the upcoming June MCC board meeting. He assured the representatives that the USG remained committed to the MCA as an expression of US-Armenia friendship, but that Washington could not turn a blind eye to "countries moving in the wrong direction."

¶4. (C) The Dashnak Party's Armen Rustamian said his party favored reforms that aim to improve the current situation in Armenia rather than those that aim to please the international community. He stated that all political entities want to make Armenia stronger, but the problem is agreeing on how to do that. He warned against reform

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"shocks" to society that could destabilize the domestic situation further and give Armenia's neighbors an opportunity to exploit the situation. He said reforms would always have to take second place to Armenia's security needs, and hence have to be calibrated carefully. He said the Dashnaks would help Sargsian in all of his efforts, and that failure by any of the coalition partners to carry out their promises would constitute a failure for the entire coalition.

¶5. (C) Avet Adonts of the Prosperous Armenia Party (a former foreign policy aide to President Kocharian) agreed Armenia would pursue reforms "only to help ourselves," and "not to please others." In admitting that Armenian leaders cared about the country's image, he pointed out that Armenia already boasted a decade-long record of reforms. He conceded, however, that new dynamic, targeted reforms were needed whose tangible impact people can feel. Like Rustamian, Adonts cautioned against "shock therapy," saying Armenia was not a country that lends itself to such a prescriptive approach.

¶6. (C) The Republican Party's Nikoyan assured Bryza his party would fully support Sargsian's presidential initiatives, from strengthening democracy to combating corruption, and noted that the choice of the new Prime Minister was inspired by Sargsian's commitments to these issues. (NOTE: On April 8 President-elect Sargsian publicly announced his selection of Tigran Sargsian, the long-serving technocrat Central Bank of Armenia Chairman. No relation to the new president, he is viewed as a proponent of free-market policies, and someone who gets things done. END NOTE.) Nikoyan acknowledged the Armenian's public discontent with the current situation, and promised the ruling coalition would "make room" for people to voice their concerns.

¶7. (C) Orinats Yerkir's Shahgeldian declared that Armenia had no alternative but to embark upon serious reforms. He emphasized that all four parties had assumed political responsibility for them in signing the March 21 power-sharing agreement. He said Orinats Yerkir expected positive changes in government personnel as well as reforms that focused on social, justice, and human rights issues. Shahgeldian stated that people protesting the election results are after all "our citizens," and that the coalition was ready for dialogue with the opposition. But he warned of potential problems if the "other side" undertakes counterproductive approaches.

MCA IMPORTANT TO ARMEMIA, BUT DON'T USE AS POLITICAL TOOL

¶8. (C) Nikoyan began his remarks with a warning that the MCA must not be used as a "political tool" to influence Armenia's "internal developments," and pointedly noted that Armenia could survive without MCA funding. He professed, however, that Armenia wanted to preserve the program and agreed with Bryza that the MCA symbolized positive U.S.-Armenia relations. Shahgeldian echoed the importance of MCA's symbolism and also stressed its importance as a catalyst for reforms. Adonts said relations with the United States was one of the most important foreign policy priorities for Armenia, and acknowledged that such programs as MCA or NATO's International Partnership Action Plan (IPAP) subjected Armenia to constant international monitoring. He accepted the fact that foreign entities had to monitor their programs, and expressed hope that such programs would help guide Armenia's development.

REPUBLICAN PARTY ASSAILS RADIO LIBERTY

¶9. (C) Nikoyan also accused RFE/RL's Armenia Liberty service of "trying to hijack" the positive US-Armenian relations that preceded the presidential election period. To prove his point, Nikoyan produced a paper with media monitoring figures that he said clearly showed Armenia Liberty's pro-opposition bias. Citing numbers from an unspecified source, he said the program had produced 373 broadcasts critical of Sargsian in the January-March period. In contrast, he said Armenia Liberty aired 149 pro-LTP broadcasts in the same period. He implicitly urged the US to stop supporting RFE/RL. (COMMENT: Nikoyan's harsh, unexpected criticisms of MCC and RFE/RL surprised us. Normally an affable, diplomatic personality, it was clear he had been ordered to deliver a message at the meeting. Later in the evening, he confirmed our suspicions

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in a phone call to Emboff where he said Sargsian himself had tasked him with the tough talking points. Nikoyan's outburst came on the heels of a similar tongue-lashing of RFE/RL by outgoing President Kocharian before a press gaggle at a ribbon-cutting ceremony in Yerevan held April 4. As post reported, President Kocharian then issued a scathing attack of RFE/RL, saying it aimed at the "destruction of Armenian statehood." END COMMENT.)

BRYZA REITERATES URGENCY OF REFORMS

¶10. (C) DAS Bryza welcomed the coalition's commitments to reforms, reiterating the critical importance of fulfilling them this time around. He expressed concern that without them the political situation will deteriorate further. He insisted that for the US to remain credible with the Armenian people it would have to take negative steps on the MCA unless the GOAM acts quickly and thoroughly to remediate the serious problems created during the election period. He stressed that the assistance would be meaningless if the GOAM did nothing to justify it. He at the same time assured the

politicians that the U.S. would stand by the GOAM as long as it initiated and maintained movement on the much-needed reforms. As for RFE/RL, Bryza told the politicians the network was an independent entity that autonomously chose what to broadcast and publish, and that the USG has no control over its content.

OPPOSITION LEADERS VOW TO CONTINUE THEIR STRUGGLE

¶11. (C) Dressed in black to honor the memory of the eight citizens killed in the violent March 1 clashes exactly forty days prior, the opposition leaders cautioned Bryza, the CDA, and Semneby against pinning any hopes on Sargsian to reform his ways. David Shahnazarian said Sargsian's pledges for reform mattered nil when the authorities have been passing unconstitutional laws that prevent citizens' rights to expression and assembly, and when they have been pursuing oppositionists with non-stop arrests and trumped-up charges. Others added that any changes by Sargsian in the immediate future would be window-dressing only, and that in the end Sargsian would resort to continued political repression to retain power. Aram Sargsian wondered out loud how anyone could think that the new president is serious about combating corruption when Sargsian's own brother is acknowledged to be one of the most corrupt individuals in Armenia.

¶12. (C) The opposition leaders asserted that Sargsian has no choices. He can try to maintain his iron grip on power, or he can attempt half-hearted political reforms, but in either case his government would fall "in a matter of months." They said that Sargsian cannot purge unsavory people from the government since those are the very people that rigged the election on his behalf, and he depends on them to keep him in power. That said, Aram Sargsian said it bore watching how competing oligarchs from the rival camps of outgoing President Kocharian and the new president would fight one another for the redivision of spoils.

¶13. (C) The opposition figures vowed to continue their protests come what may -- although being careful to state categorically that they would not break any laws and would only call legal demonstrations, with proper government permission. Shahnazarian said the opposition would exploit any and all openings that they could to communicate with the Armenian public, including upcoming local elections around Armenia. The LTP aides said the authorities had rejected every single opposition request to hold a meeting since the lifting of the state of emergency on March 21, and that the authorities were also exerting pressure on private venues not to provide any kind of meeting space.

¶14. (C) The leaders warned that opposition to the authorities is mounting even with opposition leaders in jail, and that sooner or later the authorities will lose control of the situation. They referenced the spontaneous protests sprouting up organically around the country, citing in particular the demonstrations in nearby Hrazdan city aimed at the release of popular Hrazdan MP and war veteran Sasun Mikaelian. (NOTE: It was reported that on April 8 ordinary citizens surrounded a local police station where nine hunger-striking protesters had been forcibly taken the night

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before. Police apparently sped away from the station with the nine, escaping the wrath of the crowd. Septel to follow.
END NOTE.)

¶15. (C) The leaders said the only solution to the current impasse was a new presidential election. They said that snap parliamentary elections would be meaningless because everyone knows the parliament serves the executive branch. They also said they would not negotiate with the authorities until the latter released the 100-plus political prisoners currently sitting in jails. LTP is planning to make a statement after

the 40-day mourning period of the eight killed on March 1-2, but the leaders said media bans continued to hamper the opposition's communication with the public.

¶16. (C) The opposition leaders said they had been surprised and disappointed by the response of the international community, to both the election results and the post-election violence. Levon Zurabian said that the election-day report by ODHIR that assessed the election to be "mostly in line" with international standards essentially "justified a dictatorship." He added that there is a perception in Armenian society that the West supports a regime that "killed its own people." Aram Sargsian confided that some of his supporters urged him not to meet with Bryza to protest the USG's alleged recognition of the disputed election results, but he came anyway.

¶17. (C) The pro-LTP representatives said they understood the West's concerns about instability in the region, and possible fears that political upheaval in Armenia could jeopardize Western interests in the region. But they vowed that only a clean presidential election could provide such stability. At the same time, they admitted that in the end it was up to Armenian society, not the international community, to determine the country's future. Shahnazarian resolutely declared that "we'll do it ourselves, I promise," in referring to resolving the current political crisis.

¶18. (C) Bryza took on board the opposition leaders' views that the West had responded precipitously to recognize the election results. But he also stated it was time to work with the present situation as is, which he said would not be easy for either the USG or the opposition. He vowed the U.S. would support real democracy, including pressuring the GOAM to reverse its course on banning demonstrations and restricting the media. He said the US was already ratcheting up the pressure, by the White House deciding not to congratulate Sargsian on his election, and by sending a modest official such as himself to the inauguration. He assured the opposition leaders that the U.S. would step up pressure for democratic reforms if the situation warranted.

¶19. (C) The opposition leaders commended CDA for his March 28 press conference where he warned of consequences to bilateral assistance if the GOAM did not reverse its anti-democratic actions, such as jailing political opposition figures. The leaders said the Charge's "diplomatic language" was appropriately respectful and measured in tone, but nonetheless clearly understood and well appreciated by the Armenian public. They urged the U.S. to speak more often in public, and to use appropriately tough language to signal its concerns about current events.

WIVES OF JAILED LEADERS DOUBTFUL OF SARGSIAN

¶20. (C) DAS Bryza met separately with the wives of five LTP allies/lieutenants jailed after the disputed presidential election. One is the Amcit wife of Armenia's first foreign minister, Alexander Arzumanyan, who served as LTP's national campaign manager during the election. Three others are also married to well-known opposition politicians. The fourth is a more unusual case; her husband was never active in politics, but was simply a registered LTP "proxy" (a precinct-level candidate representative/observer on election day); his regular day job was deputy director of the prestigious Matenadaran ancient manuscript museum. The five spouses appealed to the US and the international community to pressure the GOAM to release all 100-plus political prisoners, including their husbands. At the same time, they said they held out little hope that the incoming president would turn a new leaf and free his opponents. Arzumanyan's wife recounted a personal meeting with Prime Minister Sargsian in mid-2007 to appeal the release of her husband

from jail who had been detained on charges of money-laundering. He allegedly urged her not to publicize his case, or allow him to be used by the opposition as a symbol. But when she talked to journalists the following day, the NSS immediately informed her that her husband's jail time had been doubled by two months and she would not be allowed any more visits. The wife of Ararat Zurabian, leader of the Armenian National Movement, said their neighbors included Sargsian's brother Lyovik, and that during the post-election crackdown, Lyovik's wife menacingly told her that the oppositionists had only seen the beginning of the fate that awaits them, an apparent threat to those who contest Sargsian's election.

121. (C) The spouses recounted different stories of harassment of their husbands by the authorities during the campaign and after the election. Several mentioned that their husbands had been arrested during pre-dawn raids in which riot police clad in black face masks and carrying submachine guns had stormed through their homes and terrified their small children. They detailed their husbands' "illegal" arrests, their harsh conditions of detention, and the impact it was having on their families. They expressed concern for the families of less politically prominent citizens who had been caught in the post-violence dragnet, and who cannot understand why their sons/husbands have been detained, and who lack even the meager protection of a high public profile. They expressed their feeling of vulnerability and effectively having no rights in the onslaught of repressive measures taken by the authorities toward their husbands and others.

122. (C) DAS Bryza confirmed to the spouses that the release of all detainees being held for their political views remained at the top of the USG's priorities, and promised both the Embassy and Washington would work to push for their release. He noted that in his morning interview with RFE/RL he had urged the authorities to immediately release these detainees. He added that in discussions with Sargsian he continued to warn the new president he would have both serious problems with his citizens and the U.S. government if he did not act quickly to reverse the damage done to Armenia's democracy. Bryza said that the U.S. was very serious about its threat to suspend or terminate MCA unless the GOAM delivers prompt corrective action .

INAUGURATION/RFE INTERVIEWS

123. (C) Prior to the inauguration, DAS Bryza gave an exclusive interview to RFE/RL in which he commented the U.S. expects President Sargsian to restore civil liberties and take other "dramatically positive steps" to resolve Armenia's simmering political crisis. He warned that a failure to take such steps would harm US-Armenian relations and possibly result in the suspension or termination of continued US economic assistance to Armenia. Immediately following the inauguration, Bryza gave a brief interview in Russian that was broadcast live by the state public television channel. In the interview, Bryza stated that Armenia's government needed to make a number of concrete democratic reforms if it was to continue to receive U.S. assistance.

A FULL SCHEDULE

124. (SBU) In addition to the formal inaugural events (septel), Bryza had a number of political meetings.

Governing Coalition party representatives:
Samvel Nikoyan, Republican Party board/MP
Avet Adonts, Prosperous Armenia/Chairman, N.A. European
Integration Committee
Armen Rustamian, ARF (Dashnaksutyun)/Chairman, N.A. Foreign
Relations Committee

Mher Shageldian, Orinats Yerkir (Rule of Law) deputy chairman/MP

Pro-LTP Opposition:

David Shahnazarian, former NSS minister and LTP's relative by marriage

Aram Sargsian, Republic Party chairman, former prime minister

Levon Zurabian, LTP's former presidential press spokesman

Artak Zeynalian, Republic Party board, LTP's Constitutional

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Court counsel

Wives of Political Prisoners:

Melissa Brown (AmCit)

Wife of LTP campaign manager Alexander Arzumanian

Lusine Hayreptian

Wife of Member of Parliament Suren Surenyants

Edita Yegoyan

Wife of Armenian National Movement party chairman Ararat

Zurabian

Ruzanna Sargsian

Wife of Republic Party deputy chairman Smbat Ayvazian

Knarik Khacatrian

Wife of Deputy Matenaderan Museum Director Arshak Banuchian

Heritage Party:

Raffi Hovanissian, Heritage Party chairman, MP

Stepan Safarian, MP

Civil Society Representatives:

Tigran Mkrtchian, Armenian Int'l Policy Research Group

Tevon Poghosian, Int'l Center for Human Development

Ara Tadevossian, Mediamax News Agency/NATO Info. Center

125. (U) EUR DAS Matthew Bryza has cleared this cable.
PENNINGTON